The smaller but influential Baghdadi community (a generic term covering Jews from Iraq and Syria and later Yemen, Iran and Afghanistan) were mostly merchants, bankers and industrialists.

The first Baghdadi to arrive in India, in the mid-18th century, were merchants from Basra, Aleppo and Baghdad who traded or worked with the East India Company. They first settled in the port of Surat before moving south to Bombay and founders of commercial empires and family dynasties. One such was David Sassoon, who together with other members of his family, established educational, medical and charitable institutions vital to the development of Bombay. Sassoon also built two synagogues and in 1847, a public library, a photo of which is presented here.

The Baghdadi community in Calcutta was founded by Moses Dwek Haconben from Aleppo and boasted three synagogues.

The Baghdadi 19th-century synagogues were opulent and Western in style, sometimes reminiscent of churches. In contrast, Bene Israel village synagogues were often more like siedlbach, a hall with a niche serving as a Torah ark; but in town Bene Israel synagogues were also of Western influence. The Cochinese were more traditional, holding onto their hallowed ritual designs.

Some Cochinese came to Bombay to work in the Sassoon cotton mills. Some of the parades married into Baghdadi families.